

## The Cap or Maximum Award for Independent College Students in the SSACI Programs

Comments by **Hans Giesecke**, President  
Independent Colleges of Indiana, Inc.  
hcg@icindiana.org • 317-236-6090, ext. 222  
November 8, 2002

The subject of the cap, or maximum award, is something that is very near and dear to the hearts of our neediest students. Since only the neediest students receive an award at the level of the cap (\$9,300), this is an issue that impacts students from the lowest income families.

For example, the average adjusted gross income for students with state aid ranges between \$33,400 and \$39,700 per year.

For the last decade and a half the cap for independent college students has been computed by taking the **highest tuition** among state-operated universities and **lowest per-student appropriation per FTE** and adding these figures together. In the current year, this has yielded a figure of **\$9,300**. For 2003-04, this formula yields an estimated cap of \$10,600. Given the state's budget situation along with the double-digit increases in tuition and fees among the most expensive state-operated universities, our sense is that this formula is no longer workable. We have to identify a new formula that will help fund the neediest students for the coming year and into the future, yet give us a total funding outcome that is also realistic with the budget constraints now faced by the state.

Before identifying such a formula, however, we think it is very important to see if there are any means of economizing within the existing structure of the program. We are proposing two such methods today to initiate discussion on various means of economizing.

1. The first means of economizing is to focus more aid on the neediest student by raising the minimum award in the state grant program from \$200 to \$500 per student. The students receiving awards less than \$500 typically come from middle-income families that are in much better positions to absorb additional college expenses. The students at the upper end of the award range are the students from the lowest income families who have the least ability to cover additional expenses. Doesn't it make sense to focus our limited grant aid on the students with the least resources by raising the minimum award?
2. The second means of economizing in the program is to base the financial aid needs assessment methodology on **Expected Family Contribution** rather than just **Parental Contribution**. Expected Family Contribution takes into account the full range of resources that students can bring to the plate in paying for their college expenses. This includes summer earnings, campus work-study, and other forms of self-help that are not included under the **Parental Contribution**.

We believe that taking such measures which focus the state grants on the poorest students who need the most assistance will help us construct a new formula for a cap that will help us make the best use of our available budgetary resources.

ICI pledges to work diligently with the staffs of the Indiana Commission for Higher Education and SSACI to develop a formula that is workable for the coming fiscal year and into the future. We look forward to considering any other means of economizing that our colleagues from the two relevant commissions would like to recommend.